

# **Minutes of the CORRA Advisory Group**

Teleconference, 4 October 2022, 15:00 p.m. to 16:30 p.m.

## **1. Introduction**

The Chair (Dave Duggan, National Bank of Canada) welcomed members.

## **2. Discussion of CORRA trends and market developments**

CARR's co-chair provided an overview of CARR's recent work. The co-chair noted upcoming outreach activities in late October through mid-November to update the public on CARR's recent progress and outstanding CDOR transition issues. The co-chair noted work of CARR's subgroups, including its Cash Securities subgroup, which is working to determine the size of the potential "tough legacy" CDOR issue.

CARR is working to potentially develop a Term CORRA rate that complies with global standards and domestic regulation. This work includes developing the rate's methodology (based on CORRA futures transactions and limit orders), outlining potential permitted use cases, and developing market conventions for products that would rely on Term CORRA. The co-chair noted that any users of the rate would be required to include robust fallback language in their documentation. CARR has also done work to identify a potential administrator for the rate. Given the level of public interest, CARR intends to make details about this rate available as soon as possible. The CARR co-chair thanked the large number of subject matter experts and market participants who have contributed to this work.

The CARR co-chair noted CFIF's series of workshops on BAs, which will disappear after CDOR is discontinued. These discussions have included an array of market participants and regulators. The co-chair noted several potential replacement instruments, including BDNs, T-Bills, structured repo products and deposits. Members were encouraged to consider responding to the Government of Canada's [2023-24 Debt Management Strategy Consultation](#) with respect to the potential need for a 1-month T-bill.

CAG members discussed CORRA's recent behaviour. CORRA has been relatively more stable recently underpinned by Bank of Canada facilities such as the SRO and the ORR. While recent volatility in UK markets has been felt in Canadian repo markets and in CORRA, this is seen as an affirmation that CORRA tracks actual market conditions. Members discussed whether recent volatility could impact quarter- and year-end. The broad market expectation seems to be for a typical fiscal year end.

Members discussed work by CDS to potentially establish a tri-party agent in Canada, which would allow for Canadian tri-party repo transactions.

Members discussed the impact of the Bank of Canada's [Contingent Term Repo Facility](#), which was active in 2020-2021. While the facility was not heavily used, it was commented that the existence of the facility created certainty for firms without direct access to Lynx, the Bank of Canada's high-value payment system. Members discussed how funding liquidity flows from Lynx participants to non-Lynx participants, and the resulting impact on the spread between CORRA and the Bank of Canada target rate.

### **3. Wrap-up and next steps**

CAG will soon determine the schedule of its 2023 meetings.

### **List of attendees**

#### **Market representatives**

Faye Li, BCI  
Annaleigh Greene, BMO Capital Markets  
Dave Duggan, National Bank of Canada  
David Peters, Ontario Financing Authority  
Robin Das, RBC-Dominion Securities  
Brett Pacific, Sunlife  
Elie Elkhall, TMX

#### **Observers**

Rick Brown, IIROC

#### **Bank of Canada**

Harri Vikstedt  
Mark de Guzman  
Danny Auger  
Thomas Thorn